



Senate

General Assembly

File No. 525

February Session, 2002

Substitute Senate Bill No. 643

Senate, April 16, 2002

The Committee on Appropriations reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT INCREASING THE AMOUNT OF UNAPPROPRIATED
SURPLUS TRANSFERRED TO THE BUDGET RESERVE FUND.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 4-30a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2002*):

4 (a) After the accounts for the General Fund have been closed for
5 each fiscal year and the Comptroller has determined the amount of
6 unappropriated surplus in said fund, after any amounts required by
7 provision of law to be transferred for other purposes have been
8 deducted, the amount of such surplus shall be transferred by the State
9 Treasurer to a special fund to be known as the Budget Reserve Fund.
10 When the amount in said fund equals [five per cent] seven and one-
11 half per cent of the net General Fund appropriations for the fiscal year
12 in progress, no further transfers shall be made by the Treasurer to said
13 fund and the amount of such surplus in excess of that transferred to

14 said fund shall be deemed to be appropriated to the State Employees
 15 Retirement Fund, in addition to the contributions required pursuant to
 16 section 5-156a, but not exceeding five per cent of the unfunded past
 17 service liability of the system as set forth in the most recent actuarial
 18 valuation certified by the Retirement Commission. Such surplus in
 19 excess of the amounts transferred to the Budget Reserve Fund and the
 20 state employees retirement system shall be deemed to be appropriated
 21 for: (1) Redeeming prior to maturity any outstanding indebtedness of
 22 the state selected by the Treasurer in the best interests of the state; (2)
 23 purchasing outstanding indebtedness of the state in the open market at
 24 such prices and on such terms and conditions as the Treasurer shall
 25 determine to be in the best interests of the state for the purpose of
 26 extinguishing or defeasing such debt; (3) providing for the defeasance
 27 of any outstanding indebtedness of the state selected by the Treasurer
 28 in the best interests of the state by irrevocably placing with an escrow
 29 agent in trust an amount to be used solely for, and sufficient to satisfy,
 30 scheduled payments of both interest and principal on such
 31 indebtedness; or (4) any combination of these methods. Pending the
 32 use or application of such amount for the payment of interest and
 33 principal, such amount may be invested in (A) direct obligations of the
 34 United States government, including state and local government
 35 treasury securities that the United States Treasury issues specifically to
 36 provide state and local governments with required cash flows at yields
 37 that do not exceed Internal Revenue Service arbitrage limits, (B)
 38 obligations guaranteed by the United States government, and (C)
 39 securities backed by United States government obligations as collateral
 40 and for which interest and principal payments on the collateral
 41 generally flow immediately through to the security holder.

This act shall take effect as follows:	
Section 1	July 1, 2002

APP *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Municipal Impact: None

Explanation

This bill would increase the amount of unappropriated surplus transferred to the Budget Reserve Fund from the current five percent to seven and one-half per cent. Since any unappropriated surplus beyond the current five percent level is used to reduce debt service and to provide funds for the State Employees Retirement Fund this portion of the bill would potentially reduce the funds used for those purposes.

OFA Bill Analysis

sSB 643

**AN ACT INCREASING THE AMOUNT OF UNAPPROPRIATED
SURPLUS TRANSFERRED TO THE BUDGET RESERVE FUND.**

SUMMARY:

This bill would increase the amount of unappropriated surplus transferred to the Budget Reserve Fund from the current five percent to seven and one-half per cent.

EFFECTIVE DATE: July 1, 2002

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 49 Nay 0